

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), Grade AA butter increased 1 cent to \$1.1100, Grade A is unchanged at \$1.0200, and Grade B is unchanged at \$1.0100. Also at the CME, barrel cheese increased 6 cents to \$1.2900 and 40# blocks increased 10 1/4 cents to \$1.3900.

The "basic formula price used in Federal Orders" for July 1997 is \$10.86 per cwt. at a 3.5% test. The basic formula price is the base month M/W price of \$10.70, plus a change of \$0.16, which is the change in the butter/powder/cheese formula from June to July. For July, the NASS average cheese price was \$1.1767. The butterfat differential is \$0.110. The July 1997 basic formula price is 12 cents more than last month but \$3.63 less than July 1996. Class III-A prices are: for Federal Orders 1 & 2, \$12.09; for Order 4, \$12.11; for Orders 124, 131, & 135, \$11.90; for other affected orders, \$12.06.

According to NASS, the index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 1997 was unchanged at 117. Compared with July 1996, the index was up 2 points (1.7%). The index of prices received by farmers for dairy products declined 1 point during the month of July 1997 to 94. Compared with July 1996, the index was down 24 points (20.3%). On a 3.5% butterfat basis, prices received by farmers in July with changes from June were: for All Milk, \$12.29, down 6 cents; for Fluid Grade Milk, \$12.29, down 6 cents; and for Manufacturing Grade Milk, \$10.83, up 23 cents. For July 1997, U.S. hay prices at mid-month averaged \$98.40 (dollars per ton), 10.1% higher than July 1996.

According to NASS, U.S. butter production was 79.8 million pounds in June, 9.7% above June 1996, but 22.6% below May 1997. American type cheese production totaled 285.1 million pounds, 2.4% above June 1996, but 3.3% below May 1997. Total cheese output (excluding cottage cheese) was 622.5 million pounds, 4.5% above June 1996, but 2.8% below May 1997. Nonfat dry milk production, for human food, totaled 122.4 million pounds, 29.8% above June 1996, but 7.8% below May 1997. Dry whey production, for human food,

was 94.6 million pounds, 3.4% above June 1996, but 1.9% below May 1997.

Hot, humid weather is having a negative impact on milk production in many regions around the country. Receipts are being adversely affected by the weather pattern and continue to slide seasonally. In the Northeast and Mid Atlantic areas, surplus milk volumes have dried up. Southern buyers are absorbing larger volumes of milk as they prepare for schools to reopen in the next few weeks. In the Southwest, sustained temperatures above 100 degrees are causing production levels to drop. In the northern Mountain States, unseasonable rainfall totals of more than 1 1/2 inches were reported. This weather has not hurt the cows, but it did catch a large percentage of second cutting hay on the ground and is hurting the quality of the crop. Cream demand remains generally good as ice cream sales remain in peak season. Cream prices are steady to slightly higher.

The nonfat dry milk market remains weak. Several producers in the Midwest are lowering prices to stimulate interest and remain competitive with the Western delivered prices. In the West, DEIP orders continue to be filled and additional product continues to clear to the CCC. Buttermilk powder markets are mostly steady. Current stocks are ample for all needs. In the West, some producers are discounting product in order to move loads. Whey markets are steady to slightly higher and the market tone is firm.

During the week of August 4 - 8, CCC net dairy product purchases under the price support program were 2,084,633 pounds of Western nonfortified NDM.

SPECIAL THIS ISSUE

SUMMARY OF CCC MILK PRICE SUPPORT AND RELATED PROGRAM
ACTIVITIES (PAGE 2)

JULY DEIP BID ACCEPTANCES (PAGES 7-8)

JULY AGRICULTURAL PRICES (PAGE 9)

JUNE DAIRY PRODUCTS HIGHLIGHTS (PAGE 10)

FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS (PAGES 11-12)

BUTTERMARKETS**CHICAGO WHOLESALE**

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	:	AUGUST 5	:	AUGUST 7	:	AUGUST 8
AA	:	\$1.1000 - 1.1100	:	\$1.1000 - 1.1100	:	\$1.1000 - 1.1100
A	:	\$1.0200 - 1.0300	:	\$1.0200 - 1.0300	:	\$1.0200 - 1.0300

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, Grade AA butter increased one cent to \$1.1100, Grade A is unchanged at \$1.0200, and Grade B is unchanged at \$1.0100. The underlying tone of the market is unsettled. Churning activity continues to run on sporadic schedules throughout the country. Butter orders are mostly fair from wholesale and food service accounts. Feature activity is helping move more butter at retail. Stocks are available for near term needs. U.S. butter production during June totaled 79.8 million pounds, 9.7% above June 1996 but 22.6% below May 1997.

CHICAGO MERCANTILE EXCHANGE**BUTTER TRANSACTIONS ON FRIDAY, AUGUST 8, 1997**

(CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE	:	PRICE CHANGE	:	LAST SIGNIFICANT TRANSACTION - LST
AA	:	+0100	:	\$1.1100 : BID 08/08/97
A	:	N.C.	:	\$1.0200 : BID 07/25/97
B	:	N.C.	:	\$1.0100 : BID 07/25/97

SALES: NONE

BIDS UNFILLED: 2 CARS GRADE AA:
1 @ \$1.1100 (LST), 1 @ \$1.0900

OFFERS UNCOVERED: 4 CARS GRADE AA:
3 @ \$1.1200, 1 @ \$1.1150

CHEESE MARKETS**WISCONSIN ASSEMBLY POINTS**

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	:	AUGUST 4 - 8, 1997
BARRELS*	:	\$1.2200 - 1.2400 (NOMINAL) (\$0.0300) (.0300)
40# BLOCKS	:	\$1.2975 - 1.3175 (NOMINAL) (\$0.0150) (.0150)

() Change from previous week. * If steel, barrel returned.

CHEESE HIGHLIGHTS: The cheese market is firm, with an unsettled undertone. Prices moved sharply higher at the Chicago Mercantile Exchange. Blocks increased 10.25 cents to \$1.3900. Barrels increased 6 cents to \$1.2900. Movement is moderate at best. Current offerings are at least adequate. Production is steady to lower. Cumulative American cheese production for the first half of 1997 totals 1.7 billion pounds, up 13.0 million pounds (0.8%) from the same period in 1996 (adjusted to the same number of days). Total cheese output in 1997 totals 3.7 billion pounds, up 63.5 million pounds (1.8%) from 1996.

CHEESE TRANSACTIONS ON THURSDAY, AUGUST 7, 1997

(CARLOAD UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	:	PRICE CHANGE	:	LAST SIGNIFICANT TRANSACTION
BARRELS	:	+0600	:	\$1.2900 : SALE 08/07/97
40# BLOCKS	:	+1025	:	\$1.3900 : SALE 08/07/97

SALES: 53 CARS BARRELS: 1 @ \$1.2400, 1 @ \$1.2500,
3 @ \$1.2600, 5 @ \$1.2650, 1 @ \$1.2675, 6 @ \$1.2700, 3 @ \$1.2800,
6 @ \$1.3000, 1 @ \$1.3075, 1 @ \$1.3175, 1 @ \$1.3150, 1 @ \$1.3125,
1 @ \$1.3250, 2 @ \$1.3275, 3 @ \$1.3300, 9 @ \$1.3200, 2 @ \$1.3025,
2 @ \$1.2925, 4 @ \$1.2900 (LST)
24 CARS 40# BLOCKS: 2 @ \$1.3325, 1 @ \$1.3500,
2 @ \$1.36000, 4 @ \$1.3700, 13 @ \$1.3875, 2 @ \$1.3900 (LST)

BIDS UNFILLED: 6 CARS BARRELS: 1 @ \$1.2750, 5 @ \$1.1500
3 CARS 40# BLOCKS: 1 @ \$1.2975, 2 @ \$1.2950

OFFERS UNCOVERED: 18 CARS BARRELS: 3 @ \$1.3325, 7 @ \$1.3300,
3 @ \$1.3250, 5 @ \$1.2900

Summary of CCC Milk Price Support and Related Program Activities, Third Quarter, 1997 Marketing Year

Item	Butter	Cheese	NDM/DWM 1/	Item	Butter	Cheese	NDM/DWM 1/
	Thousand Pounds				Thousand Pounds		
Purchases:				Domestic Donations: 4/			
Price Support	0	1,126	5,221	Schools	0	9,076	306
Market Price 2/	0	12,735	2,177	Institutions	209	3,364	2,007
Total Purchases	0	13,861	7,398	Foreign Donations:			
Domestic Sales:				Food for Progress-			0
Unrestricted	0	0	0	DWM			
				Food for Peace-			0
				DWM			
Foreign Sales:				Total Utilizations	18,926	16,046	97,091
DEIP 3/	18,717	3,606	93,228				
DWM			1,550	Uncommitted Inventories	0	0	0

1/ Nonfat dry milk or Dry whole milk. Figures are nonfat dry milk unless otherwise specified. 2/ Cheese includes American -- 10,639 and Mozzarella -- 2,096; purchases are on a delivery basis. 3/ Contract basis. 4/ Based on orders issued for shipment.

SOURCE: Farm Service Agency, U.S. Department of Agriculture. For more information, contact Beverly Sadler (202) 720-1696.

PRINT BUTTER MARKETS - GRADE AA**NORTHEAST**

Butter prices are unchanged. The market tone remains unsettled. Butter is available, though most already has some age on it. Some producers continue to sell cream rather than churn. Inventories are light to adequate.

WHOLESALE PRICES: MIN 25 BOXES
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	:	1.3100-1.5575
1 LB. PRINTS	:	1.2250-1.4075
CHIPS/PATTIES	:	1.2875-1.4575
REDDIES	:	1.3625-1.5575
CONTINENTALS	:	1.4425-1.6175

CENTRAL

Print butter prices are unchanged following steady trading levels at the Chicago Mercantile Exchange. The market tone remains unsettled with producers and buyers analyzing production and stocks information to assess where the market will go. Churning activity is often lower as cream is moving to ice cream production and the fat tests of milk are seasonally declining, exasperated by recent heat in the region. Demand is mixed and butter is available from many sources. Food service orders remain fair to good. Sweet corn season is bringing about more butter sales. According to NASS, U.S. butter production during June totaled 79.8 million pounds, up 9.7% from June 1996 but down 22.6% from May 1997. June production levels in selected states compared to June 1996 are: Wisconsin, 20.0 million pounds, +17.6%; Minnesota, 5.7 million pounds, -5.3%; and Michigan, 1.9 million pounds, +10.6%.

1/4 LB. PRINTS	:	1.2000-1.6075
1 LB. PRINTS	:	1.1650-1.3275
CHIPS/PATTIES	:	1.1900-1.4000
REDDIES	:	1.2750-1.5100
CONTINENTALS	:	1.4300-1.6200

WEST

Prices are holding steady for Western print butter. Sales activity is mixed. Some contacts report reasonably good sales, but others see sales slowing as buyers assess current inventory levels. Cream demand remains seasonally good. June U.S. butter production totals 79.8 million pounds, up 9.7% from last year. Cumulative output for the first six months of the year totals 636.7 million pounds, down 0.8% from the same period in 1996. Butter output in June this year compared to June 1996 for selected Western States is as follows: California up 14.4%, Oregon up 35.5%, and Washington down 6.8%.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.3825-1.4300
1 LB. PRINTS	:	1.3125-1.3725
PATTIES	:	1.3550-1.5200
REDDIES	:	1.4800-1.4975

FOB CALIFORNIA PLANTS - GRADE AA
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.0975-1.1375
----------------	---	---------------

**WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS**

	BUTTER	:	CHEESE
08/04/97	38,158	:	125,873
07/01/97	40,047	:	116,588
CHANGE	- 1,889	:	+ 9,285
% CHANGE	- 5	:	+ 8

Based on the historical relationship of the preliminary U.S. Cold Storage report of June 30 and the selected centers storage report, the expected U.S. holdings as of August 1 are:

Butter	58 million pounds plus or minus 3.24 percent
Cheese	499 million pounds plus or minus 3.25 percent

NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	40# BLOCKS		640# BLOCKS		BARRELS (adjusted to 39% moisture)		
	MN/WI	WEST U.S.	U.S.	U.S.	MN/WI	OTH STATES	U.S.
AUGUST 1	1,072,017	3,164,620	4,483,640	478,905	4,006,256	5,017,545	9,023,801

Further data may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/>

CHEESE MARKETS

NORTHEAST

Prices are higher on both process and natural items except Swiss. The market tone is steady to firm. Demand remains mostly fair at best as a few buyers build a little extra inventory in anticipation of possible additional prices increases. Cheese production is trending lower as milk supplies decline seasonally. Current offerings remain at least adequate for needs.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2400-1.7700
Cheddar Single Daisies	:	1.2100-1.7650
Cheddar 40# Block	:	1.4250-1.5750
Process 5# Loaf	:	1.4225-1.4975
Process 5# Sliced	:	1.4325-1.6050
Muenster	:	1.4675-1.7975
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is mostly steady. At the Chicago Mercantile Exchange on July 31, 40# blocks advanced 1.5 cents to \$1.2875 and barrels increased 3 cents to \$1.2300. Blocks have recovered a total of 13.75 cents from their 1997 low point on price. Barrels have rebounded a total 10.75 cents from their lowest price. The barrel/block spread has narrowed to a more comfortable 5.75 cents. As milk receipts decline seasonally and schools reopen in a few weeks, the pressure is on to keep current cheese inventories as fresh as possible. Process and natural sales are generally steady at best. Food service accounts are starting to gear up for the upcoming school year needs. Milk intakes are steady to slightly higher in those locations where cooler temperatures returned. Estimated June total cheese output in selected Midwestern states compared to June 1996 is as follows: Wisconsin 180.9 million pounds, up 7.2 million pounds (4.2%); Minnesota 57.3 million pounds, down 1.3 million pounds (2.3%); Iowa 20.6 million pounds, up 2.7 million pounds (14.8%); Missouri 14.0 million pounds, up 55,000 pounds (0.4%); and South Dakota 10.7 million pounds, an increase of 151,000 pounds (1.4%).

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4850-1.5625
Brick And/Or Muenster 5#	:	1.5300-1.7450
Cheddar 40# Block	:	1.5400-1.9150
Monterey Jack 10#	:	1.7200-1.9150
Blue 5#	:	1.8925-2.0700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6475-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.1000-2.4850

WEST

Both natural and process items increased in price while Swiss prices held steady following trading at the CME on July 31. Cheese demand is improving seasonally by most accounts. Buyers are looking for additional volumes of processing solids for future needs. Current natural product is moving well. Swiss stocks are beginning to tighten up and mozzarella demand is increasing as schools are close to opening. June U.S. Swiss cheese production totals 18.3 million pounds, up 1.3% from last year. Total cheese production was 622.5 million pounds in June, up 4.5% from last year. Total cheese production for selected Western States is as follows: California up 10.7%, Idaho up 12.9%, Oregon down 0.2%, Utah down 16.2%, and Washington up 16.4%.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4200-1.6900
Cheddar 40# Block	:	1.4700-1.7300
Cheddar 10# Cuts	:	1.7050-1.8100
Monterey Jack 10#	:	1.6650-1.7800
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGN TYPE CHEESE

Prices are unchanged on imported varieties, unchanged to mostly higher on domestic product. Current demand remains in the usual slow summer sales pattern. Current supplies are adequate for needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.6225-2.2325*
Gorgonzola	: 3.2400-5.9400	: 2.2875-2.4900*
Parmesan (Italy)	: TFEWR	: 3.0325-3.0700*
Romano (Italy)	: 2.1900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.2950-1.8025*
Romano (Cows Milk)	: -0-	: 2.8200-3.0725*
Sardo Romano (Argentine)	: 2.6500-3.2900	: -0-
Reggianito (Argentine)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Following the release of the July BFP, Eastern Milk Market Administrators announced changes to their class prices. The July BFP is \$10.86, up 12 cents from June. In all Eastern Orders, the July Class I and II prices will be up 12 cents from June. In orders 1 and 2, the July Class III prices are up 15 cents and Order 4 is up 17 cents. The July III-A price is \$12.09 in Orders 1 and 2, \$12.11 in Order 4, and \$12.06 in all other Eastern orders. The butterfat differential is \$0.110. Cooler temperatures returned to some very northern parts of the Northeast. However, the change has not helped milk receipts to recover. In lower parts of the Northeast and the Middle Atlantic areas, the heat continues and milk receipts continue to slide seasonally. Shipments of fluid from the Northeast to other areas for processing have dried up. Class I sales are generally steady with the pattern of recent weeks. Cream demand remains generally good from ice cream accounts. Cream prices are steady to slightly higher. Heat and humidity in the Southeast continue to adversely impact milk receipts. Southern buyers are acquiring steady to larger volumes of milk. Class I needs are projected to increase as schools begin to reopen for the new school year during the next few weeks. Florida imported about 100 loads of outside milk to supplement local offerings. Manufacturing is limited in the Southeast due to lack of fluid supplies.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.4790 - 1.5912
Delivered Equivalent Atlanta	-	1.4484 - 1.5708 M 1.4950-1.5390
F.O.B. Producing Plants: Upper Midwest	-	1.4586 - 1.5400

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	0.9500 - 1.0500
------------------------------------	---	-----------------

M I D W E S T

SPOT SHIPMENTS:	LOADS
AUGUST 1 - 7, 1997	5
PREVIOUS WEEK	5
COMPARABLE WEEK IN 1996	47

DESTINATIONS: KENTUCKY 5

Class I interest within the region is steady to occasionally improved as usual around the first of the month. About 20 loads of Wisconsin milk are "direct shipped" and pooled under a Southern Federal Order and not included in the milk shipment total. Southern fluid interest is still mostly at the talking stage as their schools have yet to reopen, causing the usual increase in the need for milk. Michigan is reportedly continuing to send about 20 loads into the Kentucky/Tennessee area. Interest in spot manufacturing milk supplies continues strong locally as offerings have dwindled. Spot milk prices are fully steady with the previous week. Cream demand remains generally good as ice cream sales remain in the usual summer "hot sales" period. Ice cream inventories are declining as sales (shipments) exceed current production levels. At some locations, milk intakes have partially rebounded from recent heat stressed levels after temperature and humidity moderated through much of the upper Midwest. For others, plant receipts are little changed. Fat and protein levels are showing the same pattern as milk receipts. Milk production continues steady to lower in more southern sections of the region where the weather remains steamy.

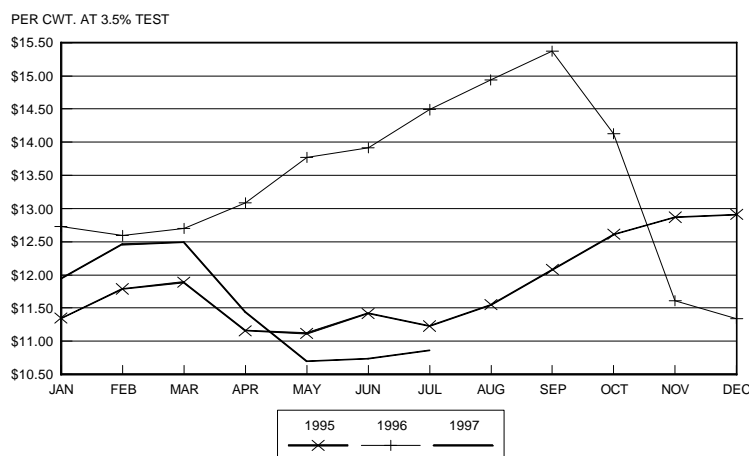
WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUL 31-AUG 6	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 42.00	\$ 31.00- 38.00
REPLACEMENT HEIFER CALVES	\$ 75.00-115.00	\$100.00-145.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUL 31-AUG 6	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.00- 44.00	\$ 33.00- 39.25

BASIC FORMULA PRICE/M-W



The U.S. "all milk" price for July is \$12.30 at a fat test of 3.51%. All milk prices for selected Western states are as follows: Arizona \$11.70 at 3.51%, California \$11.50 at 3.49%, Colorado \$11.80 at 3.41%, Idaho \$11.20 at 3.39%, New Mexico \$11.50 at 3.30%, Oregon \$12.30 at 3.52%, Utah \$11.00 at 3.44%, and Washington \$12.30 at 3.50%. Idaho and New Mexico are the only states in the 35 state survey that have fat tests below 3.40%. Sustained temperatures above 100 degrees covered many areas of the Southwest and Southern California is having the first sustained heat spell of the summer. High temperatures during the day and throughout the nights are expected to drop milk output as cows become stressed. Plant contacts at midweek had yet to notice major drops, but were expecting declines to develop. Hot and humid conditions remained in New Mexico and Arizona. Production drops continue to be reported. Milk from New Mexico continues to be shipped to other areas, especially into other Southwestern states, to fill local shortages of fluid needs. Cream multiples are higher to collect increases in milk prices in California. Demand from ice cream producers remains good. Conditions remain hot and dry in the Pacific Northwest. No appreciable rain has fallen in three weeks. Crops and pastures are under some stress, but not enough to have much impact at this time. Milk production remains above early season projections, but is falling more rapidly. Manufacturing plants continue to operate on heavy schedules. Milk producers are searching for additional heifers, but they are not willing to pay much for them. The quality on hay offerings continues to decline and prices remain firm. Localized heavy rainfall was common over much of the northern Mountain States region. Rainfall totals of more than 1 1/2 inches were recorded. This type of weather pattern is quite unusual for this time of year. It is not doing much to hurt milk production, but it did catch another large percentage of second cutting hay on the ground and it is hurting the quality of the crop. A number of contacts feel that milk production has not peaked in the region yet and may increase slightly yet over the next few weeks. Weather conditions have been very moderate temperature wise, thus not causing much stress on the milking herd.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 08/07/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged and the market tone remains weak. Several producers were lowering prices to stimulate interest and remain competitive with Western delivered prices and some lower priced resale powder. Some resellers are offering very attractive prices to keep their positions current. Offering to the CCC continue from the West but are not expected from the Midwest. Stocks are in excess of current needs. U.S. production of human food NDM during June totaled 122.4 million pounds, 29.8% more than last year but 7.8% lower than last month. (Combined MN and WI production during June totaled 4,563,000 pounds.) Manufacturers' stocks at the end of June totaled 173.3 million pounds, 110.1% higher than last year and 14.6% more than last month.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0500 - 1.0900 MOSTLY: 1.0600 - 1.0700

DRY BUTTERMILK - CENTRAL

Prices are unchanged and the market tone is fully steady. Buying interest is generally light with buyers not actively looking for extra powder. Drying schedules are limited with good movement of cream and condensed buttermilk. Current stocks are ample for all needs. During June, dry buttermilk production totaled 2.5 million pounds, up 1.8% from last year but 47.4% lower than May. End-of-month stocks totaled 4.4 million pounds, up 53.9% from last year and 2.2% more than last month.

BUTTERMILK: 1.0200 - 1.1050

DRY WHEY - CENTRAL

Dry whey prices are higher and the market tone is still firm. Part of the current firmness followed the announcement of an upcoming closure of a whey plant in Wisconsin in early October. Several buyers were covering loads they will not be getting. The resale market responded by increasing premiums. Offerings were less available this week. Production continues to decline at plant facilities. Stocks are light to ample. U.S. production of human food whey during June totaled 94.6 million pounds, 3.4% more than last year but 1.9% less than last month. End-of-June stocks, at 29.4 million pounds, are 30.2% less than last year and 9.9% less than May.

NONHYGROSCOPIC: .2175 - .2350 MOSTLY: .2225 - .2275

ANIMAL FEED WHEY - CENTRAL

Prices are mostly steady and remain nominal for all types. The market tone is mainly steady. Resistance to higher prices continues to build. Many segments of the feed sector are experiencing slow sales and are not actively buying extra whey. June U.S. animal feed, dry whey production totaled 6.8 million pounds, 3.1% more than last year and 21.8% higher than May. Month-ending stocks were 4.5 million pounds, 39.8% more than last year and 2.1% above than last month. Animal feed, reduced lactose and minerals whey production during June totaled 2.6 million pounds, 32.6% more than last year but 2.8% less than May; while all stocks (animal and human), at 13.2 million pounds, were 10.2% higher than last year.

MILK REPLACER: .1975 - .2175
STANDARD: TFEWR
ROLLER GROUND: .2250 - .2400
DELACTOSE (Min. 20% protein): .3350 - .3600

LACTOSE - CENTRAL AND WEST

Prices are unchanged and the market tone is weak. Spot loads are available from several producers and are often discounted. However, there are some producers that are sold out and have no extra lactose for sale. Contract prices are holding steady and moving on a timely basis. Stocks are in excess of current needs. U.S. lactose production during June totaled 39.2 million pounds, up 14.7% from last year but 2.8% lower than May. End-of-June stocks, at 24.3 million pounds, are 16.1% higher than last year and 4.5% more than last month.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .2000 - .2800 MOSTLY: .2150 - .2500

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

WPC prices continue to show slight increases. The market tone remains steady. Offerings are available from a few plants and more resellers. Production is seasonally declining, but producer offerings are usually adequate to fill contract and spot needs. Several contacts are attempting to service export business to Mexico. Stocks are light to moderate. U.S. production of human food WPC during June totaled 22.3 million pounds, a 3.2% increase from last year but 19.4% lower than May. Manufacturers' stocks at the end of June totaled 7.8 million pounds, 11.8% less than last year and 22.6% less than last month.

EXTRA GRADE 34% PROTEIN: .6000 - .6500 MOSTLY: .6250 - .6300

NONFAT DRY MILK - WEST

Low/medium heat prices are slightly higher on both ends, but the mostly range, representing the majority of transactions, is unchanged. The market tone remains weak. Additional product continues to clear to the CCC under the price support program. More NDM is expected to clear in the coming weeks. Hot/humid temperatures in California this week are beginning to affect milk production and NDM output. DEIP orders continue to be filled from the region. High heat production remains light and producers are often unable to schedule drying time as they are working hard to process milk. Stocks remain heavy. U.S. NDM production in June totaled 122.4 million pounds, up 29.8% from last year but down 7.8% from May. Stocks at the end of the month were reported at 173.3 million pounds, up 110.1% from last year and 14.6% higher than last month. June production in California totaled 50.3 million pounds, up 43.9% from last year, and Washington output totaled 17.0 million pounds, down 3.2% from a year ago.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0350 - 1.0675 MOSTLY: 1.0375 - 1.0500
HIGH HEAT: 1.0600 - 1.0800

DRY BUTTERMILK - WEST

Dry buttermilk prices are mixed in light to moderate trading. The market tone is unsettled. Demand is fair at best. Offerings are available from several plants. Some producers were discounting product in order to move loads. They feel that the ice cream season is ending and they should move any extra loads to stay current. A confirmed sale on the top end of the range increased the top, but did not represent other trades. Current stocks are ample to fill all needs. U.S. buttermilk powder production in June totaled 2.5 million pounds, up 1.8% from last year, but down 47.4% from May. Stocks at the end of the month were reported at 4.4 million pounds, up 53.9% from a year earlier and up 2.2% from May.

BUTTERMILK: 1.0000 - 1.1200 MOSTLY: 1.0000 - 1.0400

DRY WHEY - WEST

Western whey range prices are fractionally higher, but the mostly series held steady this week. The market continues to have firm support. Domestic demand is rated as fair to good with export sales slowing as prices increase. Any offerings are being readily absorbed by the market. U.S. dry whey, human production for June totals 94.6 million pounds, up 3.4% from last year. Output for selected states compared to last years is as follows: California up 42.4%, Utah up 6.5%, and Washington up 18.4%.

NONHYGROSCOPIC: .2100 - .2400 MOSTLY: .2100 - .2200

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended August 1, on powder sales of 15,533,657 pounds f.o.b. California manufacturing plants was \$1.0501 per pound. This compares to 7,817,648 pounds at \$1.0557 for the previous week ending July 25, 1997. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

The market and prices are mostly steady with a little weakness noted in the South. Production is steady to lighter as milk receipts decline seasonally and fluid shipments to the Southeast reduce drying schedules for some producers. Some suppliers continue to sell blocks of powder at the low end of the range to keep inventory from accumulating. Buyers are keeping purchases on a short term needs basis. Production of human food, nonfat dry milk during June 1997 totaled 122.4 million pounds, up 29.8% from June 1996 but 7.8% less than May 1997. Month ending stocks, at 173.3 million pounds, are 110.1% above a year ago and 14.6% more than last month.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST: 1.0500 - 1.1400
DELVD SOUTHEAST: 1.0750 - 1.1200

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

The buttermilk market is mostly steady. Drying schedules are lighter as less cream is entering the churn. Current interest is fair. Producers are fairly comfortable at current inventory positions and are not trying to push additional sales at this time. Dry buttermilk production during June 1997 totaled 2.5 million pounds, up 1.8% from June 1996 but down 47.4% from May 1997. Month ending stocks, at 4.4 million pounds, are 53.9% more than a year ago and 2.2% more than last month.

F.O.B. NORTHEAST: 1.0600 - 1.0850
DELVD SOUTHEAST: 1.0975 - 1.1400

DRY WHOLE MILK - NATIONAL

The market is steady to firm, reflecting recent DEIP activity and the slightly higher milk cost for most producers. Spot demand is fair at best. Current production is being closely matched with orders. Dry whole milk production during June 1997 totaled 9.8 million pounds, down 10.1% from June 1996 but 0.9% more than May 1997. Month ending stocks, at 5.1 million pounds, are 43.2% below a year ago and 16.7% below last month.

F.O.B. PRODUCING PLANT: 1.1800 - 1.2400

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH AUGUST 1, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	15,522	MT (34,219,801 LBS)
CHANGE	--	9,493	MT (20,928,267 LBS)
WHOLE MILK POWDER	--	504	MT (1,111,118 LBS)
CHANGE	--	62	MT (136,685 LBS)
CHEESE	--	128	MT (282,188 LBS)
CHANGE	--	0	MT (0 LBS)
BUTTERFAT	--	2,779	MT (6,126,583 LBS)
CHANGE	--	700	MT (1,543,220 LBS)

DRY WHEY - NORTHEAST AND SOUTHEAST

The whey market is mostly steady. A few buyers have received increased producer offerings, but for most buyers, supplies are steady. Current drying schedules are steady to lighter, reflecting the available milk supply. Production of human food, dry whey during June totaled 94.6 million pounds, 3.4% more than June 1996 but 1.9% less than May 1997. Month ending stocks, at 29.4 million pounds, are 30.2% below a year ago and 9.9% less than last month.

F.O.B. NORTHEAST: EXTRA GRADE .2200 - .2350
USPH GRADE A .2350 - .2500
DELVD SOUTHEAST: .2400 - .2625

ANIMAL FEED WHEY - NORTHEAST

The animal feed market is steady. Prices remain nominal. Offerings remain limited. Current interest is generally slow.

F.O.B. NORTHEAST: MILK REPLACER .2050 - .2150

EVAPORATED MILK - NATIONAL

The market tone and prices are unchanged. Production is steady to generally lighter, reflecting reduced milk supplies. Current plant inventories are adequate for the typically fair, at best, interest. Producers still would like to build inventory levels in anticipation of stronger sales and reduced production later in the year. Canned evaporated milk production during June 1997 totaled 45.0 million pounds, up 11.1% from June 1996 and 6.8% more than May 1997. Month ending stocks, at 42.8 million pounds, are 12.3% less than a year ago but 20.5% more than last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.50 - 33.00
Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Prices for both casein types are unchanged. Trading activity is mainly limited to contract commitments. Availability from major producing countries ranges from ample to long to fill current orders. Offerings of lower priced casein from restricted countries are pressuring the market to some extent, especially for industrial uses. Higher quality product offerings are also above current needs and prices are often under pressure. There are efforts to try to keep the market above the \$2.00 range for acid.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.2000 - 2.2800
ACID: 2.0000 - 2.1000

DEIP BID ACCEPTANCE
JULY 1997

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
NONFAT DRY MILK				
07/03	CARIBBEAN, CENT & S. AM	34	JUL-AUG	\$792
07/07	CARIBBEAN, CENT & S. AM	34	AUG-OCT	\$792
07/08	CARIBBEAN, CENT & S. AM	104	JUL-AUG	\$805.42
07/09	CARIBBEAN, CENT & S. AM	35	JUL-AUG	\$790
07/10	CARIBBEAN, CENT & S. AM	224	JUL-DEC	\$820.45
07/11	CARIBBEAN, CENT & S. AM	20	JUL-AUG	\$825
07/14	AFRICA & MIDDLE EAST	600	AUG-SEP	\$900
07/17	ASIA & FSU	1,035	AUG-DEC	\$845.75
07/18	ASIA & FSU	1,500	OCT-DEC	\$836
07/18	CARIBBEAN, CENT & S. AM	262	JUL-OCT	\$824.43
07/18	AFRICA & MIDDLE EAST	14	JUL-AUG	\$825
07/21	CARIBBEAN, CENT & S. AM	67	AUG-NOV	\$825.07
07/21	AFRICA & MIDDLE EAST	900	SEP-DEC	\$900
07/24	ASIA & FSU	1,000	NOV-DEC	\$870
07/24	CARIBBEAN, CENT & S. AM	200	NOV-DEC	\$840
07/28	CARIBBEAN, CENT & S. AM	2,351	JUL-NOV	\$810.17
07/28	ASIA & FSU	70	AUG-SEP	\$858
07/29	CARIBBEAN, CENT & S. AM	4,000	JUL-NOV	\$810
07/29	ASIA & FSU	1,000	NOV-JAN	\$870
07/30	CARIBBEAN, CENT & S. AM	18	JUL-AUG	\$860
07/31	CARIBBEAN, CENT & S. AM	1,251	AUG-NOV	\$812.20
07/31	ASIA & FSU	210	SEP-FEB	\$870
JULY 1 - 31, 1997		14,929		
PROGRAM TO DATE		14,929		
WHOLE MILK POWDER				
07/11	AFRICA,MIDDLE EAST & FSU	32	JUL-AUG	\$1,100
07/14	CARIBBEAN, CENT & S. AM	20	JUL-AUG	\$1,070
07/15	CARIBBEAN, CENT & S. AM	40	JUL-AUG	\$1,070
07/16	CARIBBEAN, CENT & S. AM	300	JUL-SEP	\$1,095
07/17	CARIBBEAN, CENT & S. AM	48	AUG-SEP	\$1,090
07/25	CARIBBEAN, CENT & S. AM	32	JUL-AUG	\$1,113
07/29	CARIBBEAN, CENT & S. AM	32	JUL-SEP	\$1,124
JULY 1 - 31, 1997		504		
PROGRAM TO DATE		504		

DEIP BID ACCEPTANCE
JULY 1997

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
CHEESE				
07/14-C	CARIBBEAN, CENT & S. AM	19	JUL-SEP	\$525
07/17-C	CARIBBEAN, CENT & S. AM	18	AUG-SEP	\$540
07/24-P	CARIBBEAN, CENT & S. AM	57	JUL-AUG	\$319
07/25-P	CARIBBEAN, CENT & S. AM	34	JUL-SEP	\$309
JULY 1 - 31, 1997		<u>128</u>		
PROGRAM TO DATE		128		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN CHEESE, CC-CREAM CHEESE				
BUTTEROIL/ANHYDROUS MILKFAT				
07/09-B	ASIA & FSU	500	JUL-DEC	\$1,260
07/10-B	ASIA & FSU	26	JUL-OCT	\$788.00
07/10-O	ASIA & FSU	1	JUL-AUG	\$1,700
07/11-A	CARIBBEAN, CENT & S. AM	108	JUL-AUG	\$1,660
07/15-A	ASIA & FSU	35	JUL-AUG	\$1,600
07/18-B	ASIA & FSU	270	AUG-NOV	\$1,040
07/21-B	ASIA & FSU	1,520	JUL-JAN	\$1,148.29
07/22-0	CARIBBEAN, CENT & S. AM	139	JUL-AUG	\$1,619
07/24-B	AFRICA & MIDDLE EAST	20	AUG-SEP	\$1,130
07/25-A	CARIBBEAN, CENT & S. AM	15	AUG-SEP	\$1,619
07/29-A	CARIBBEAN, CENT & S. AM	16	AUG-SEP	\$1,619
07/30-A	CARIBBEAN, CENT & S. AM	8	AUG	\$1,650
JULY 1 - 31, 1997		<u>2,739*</u>		
PROGRAM TO DATE		2,739*		
A.-ANHYDROUS, O-BUTTEROIL, B-BUTTER				
*TOTALS DO NOT ADD DUE TO CONVERSION OF ANHYDROUS /BUTTEROIL TO BUTTER EQUIVALENT				
				PROGRAM-TO-DATE
TOTAL MT				18,300
TOTAL BONUS VALUE				\$16,277,000

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain, (202) 720-6211. Conversion: 1 metric ton (MT) = 2,204.6 pounds.

July 1, 1997 started a one year program for the DEIP allocations. Refer to Volume 64 report 27 pages 13 & 14 for country qualifications.

SOURCE: FOREIGN AGRICULTURAL SERVICE

JULY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 1997 was unchanged at 117. Compared with July 1996, the index was up 2 points (1.7 percent). The index of prices received by farmers for dairy products declined 1 point during the month of July 1997 to 94. Compared with July 1996, the index was down 24 points (20.3 percent).

On a 3.5 percent butterfat basis, prices received by farmers in July with changes from June were: for All Milk, \$12.29 per hundredweight (cwt.), down 6 cents; for Fluid Grade Milk, \$12.29 per cwt., down 6 cents; and for Manufacturing Grade Milk, \$10.83 per cwt., up 23 cents.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JULY 1997 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	JUNE		JULY		JULY		JULY		JULY	
	1997	1996 <u>2/</u>	1997 <u>4/</u>	1996 <u>2/</u>	1997	1996	1997 <u>7/</u>	1996 <u>8/</u>	1997	1996
CA	11.49	13.51	11.51	13.88	1,240	1,230	35.00	32.00	117.00	99.00
IA	11.55	14.56	11.40	14.75	1,070	1,120	40.30	30.70	116.00	93.00
MI	12.80	14.73	12.32	15.45	1,070	1,090	38.50	32.80	83.00	74.00
MN	11.64	14.62	11.82	15.27	1,030	1,020	37.50	32.20	94.00	80.00
NY	12.25	14.59	11.90	15.57	1,000	1,000	---	---	83.00	79.00
OH	12.50	14.53	12.02	15.17	1,120	1,000	39.00	29.80	121.00	105.00
PA	13.18	15.14	13.22	15.89	1,120	1,090	37.50	32.40	118.00	101.00
TX	12.65	14.93	12.67	15.91	1,120	1,080	37.90	26.60	81.00	108.00
WA	12.49	14.97	12.30	15.57	1,180	1,190	---	---	116.00	115.00
WI	11.71	14.70	12.09	15.28	1,030	1,060	39.70	33.40	90.00	55.00
U.S.	12.35	14.70	12.29	15.32	1,100	1,090	38.10	31.00	98.40	89.40

1/ Prices converted to 3.5 percent butterfat. 2/ Partially revised. 3/ Before deductions for hauling; and Government withholding; but including bulk-tank, quantity, or other premiums, excluding hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Average prices received by farmers. Includes cull dairy cows and beef cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND PARITY PRICE RELATIONSHIPS AND OTHER GENERAL PRICE MEASURES, U.S., JULY 1997 WITH COMPARISONS 1/

ITEM	JULY 1996	JUNE 1997 <u>2/</u>	JULY 1997 <u>3/</u>
PRICES (converted to 3.5 percent butterfat) received by farmers for:			
All milk Dol. per cwt.	15.32	12.35	12.29
Fluid grade milk Dol. per cwt.	15.42	12.35	12.29
Manufacturing grade milk Dol. per cwt.	13.89	10.60	10.83
INDEX NUMBERS for:			
Prices received by farmers for dairy products (1990-92 = 100) Index	118	95	94
Prices paid by farmers for commodities and services, interest taxes, and wage rates (1990-92=100) Index	115	117	117
PARITY PRICE for all milk Dol. per cwt.	29.00	29.70	29.50
PARITY EQUIVALENT price for manufacturing grade milk Dol. per cwt.	26.51	26.97	26.79
MILK FEED PRICE RATIO: Pounds of concentrate ration fed to milk cows equal in value to one pound of milk <u>4/</u>	1.56	1.41	1.41

1/ Parity prices are based on data for the current month. Parity price equivalent during 1997 is 90.8% of the parity price of all milk sold to plants, compared with 91.4 percent in 1996. 2/ Partially revised. 3/ Preliminary. 4/ Computed by Dairy Division, AMS, USDA; based on concentrate ration value as reported quarterly in "Milk Production", NASS, USDA.

SOURCE: "Agricultural Prices," Pr 1 (7/97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

JUNE 1997 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 79.8 million pounds in June, 9.7 percent above June 1996 but 22.6 percent below May 1997. **AMERICAN TYPE CHEESE** production totaled 285.1 million pounds, 2.4 percent above June 1996 but 3.3 percent below May 1997. **TOTAL CHEESE** output (excluding cottage cheese) was 622.5 million pounds, 4.5 percent above June 1996 but 2.8 percent below May 1997. **NONFAT DRY MILK** production, for human food, totaled 122.4 million pounds, 29.8 percent above June 1996 but 7.8 percent below May 1997. **DRY WHEY** production, for human food, was 94.6 million pounds, 3.4 percent above June 1996 but 1.9 percent below May 1997. **ICE CREAM** (hard) production totaled 84.1 million gallons, 1.7 percent below June 1996 but 7.5 percent above May 1997.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	JUN 1997	PERCENT CHANGE FROM:			PRODUCT	JUN 1997	PERCENT CHANGE FROM:		
	1,000 LBS.	JUN 1996	MAY 1997	YEAR TO DATE 1/		1,000 LBS.	JUN 1996	MAY 1997	YEAR TO DATE 1/
BUTTER	79,797	9.7	-22.6	-0.8	DRY BUTTERMILK	2,453	1.8	-47.4	---
CHEESE					YOGURT (PLAIN AND FLAVORED)	139,095	-3.5	4.7	---
AMERICAN TYPES 2/	* 285,105	2.4	-3.3	0.2	CONDENSED WHEY, SOLIDS CONTENT 8/				
CHEDDAR	230,789	5.8	-3.6	2.0	SWEET-TYPE, HUMAN FOOD	11,039	27.2	-10.9	---
SWISS	18,348	1.3	-2.3	---	SWEET-TYPE, ANIMAL FEED	2,337	14.7	4.6	---
BRICK & MUENSTER	9,114	0.5	2.0	---	DRY WHEY PRODUCTS				
CREAM & NEUFCHATEL	53,136	9.3	11.7	---	DRY WHEY, HUMAN FOOD	94,593	3.4	-1.9	---
BLUE	4,106	7.6	19.8	---	DRY WHEY, ANIMAL FEED	6,809	3.1	21.8	---
HISPANIC	5,349	4.9	-7.2	---	TOTAL DRY WHEY 9/	101,402	3.4	-0.6	-2.3
MOZZARELLA	187,937	4.3	-5.8	1.2	LACTOSE, HUMAN FOOD & ANIMAL FEED	39,236	14.7	-2.8	---
OTHER ITALIAN TYPES	49,632	15.2	-4.1	6.4	WHEY PROTEIN CONCENTRATE				
TOTAL ITALIAN TYPES	237,569	6.4	-5.5	2.3	HUMAN FOOD	22,271	3.2	-19.4	---
ALL OTHER TYPES 3/	9,745	4.2	-0.5	---	ANIMAL FEED	2,901	-3.3	-5.5	---
TOTAL	622,472	4.5	-2.8	1.2	FROZEN PRODUCTS		1,000 GALLONS		PERCENT
COTTAGE CHEESE, CURD 4/	37,680	2.7	-6.2	---	ICE CREAM (HARD)	84,080	-1.7	7.5	1.2
COTTAGE CHEESE, CREAMED 5/	30,228	1.4	-2.4	-2.0	ICE CREAM, LOWFAT (HARD)	11,061	-1.1	13.9	---
COTTAGE CHEESE, LOWFAT 6/	28,632	4.6	-5.9	3.3	ICE CREAM, LOWFAT (SOFT)	25,130	-8.5	5.0	---
CANNED EVAPORATED & CONDENSED					ICE CREAM, LOWFAT (TOTAL)	36,191	-6.4	7.6	-4.6
WHOLE MILK	45,029	11.1	6.8	---	SHERBET (HARD)	5,024	-1.7	-4.7	-0.8
DRY WHOLE MILK	9,770	-10.1	0.9	---	YOGURT	9,279	-15.3	9.6	-21.0
NONFAT DRY MILK, HUMAN FOOD	7/ 122,435	29.8	-7.8	9.5					
DRY SKIM MILK FOR ANIMAL FEED	758	41.7	47.5	---					

MANUFACTURERS' STOCKS, END OF MONTH 10/							
PRODUCT	JUN 1997	PERCENT OF:		PRODUCT	JUN 1997	PERCENT OF:	
	1,000 LBS.	JUN 1996	MAY 1997		1,000 LBS.	JUN 1996	MAY 1997
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	29,405	-30.2	-9.9	HUMAN FOOD	7,832	-11.8	22.6
DRY WHEY, ANIMAL FEED	4,528	39.8	2.1	ANIMAL FEED	738	68.9	-9.0
REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL 11/	13,232	10.2	2.3	CANNED EVAPORATED & CONDENSED WHOLE MILK	42,769	-12.3	20.5
LACTOSE, HUMAN FOOD & ANIMAL FEED	24,289	16.1	4.5	DRY WHOLE MILK	5,131	-43.2	-16.7
DRY BUTTERMILK, TOTAL	4,375	53.9	2.2	NONFAT DRY MILK FOR HUMAN FOOD	173,276	110.1	14.6
				DRY SKIM MILK FOR ANIMAL FEED	1,181	0.9	34.2

1/ 1997 cumulative as percent of 1996 cumulative. 2/ Whole milk cheese, including Cheddar, colby, washed curd, stirred curd, monterey and jack. 3/ Does not include Part Skim cheese beginning January 1996 or Hispanic cheese beginning June 1996. 4/ Mostly used for processing into creamed or lowfat cottage cheese. 5/ Fat content 4 percent or more. 6/ Fat content less than 4 percent. 7/ Includes combined Minnesota and Wisconsin production of 4,563,000 lbs. 8/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 9/ Excludes all modified dry whey products. 10/ Stocks held by manufacturers at all points and in transit. 11/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. *Includes combined Minnesota and Wisconsin production of 130,491,000 lbs.

SOURCE: "Dairy Products," Da 2-6 (8-97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS

BASIC FORMULA PRICE. The Basic Formula Price for July 1997 is \$10.86 per hundredweight at 3.5 percent butterfat. The July Basic Formula Price is the June base month Minnesota-Wisconsin (M-W) price of \$10.70 at 3.5 percent plus a change of \$0.16, which is the change in the butter/powder/cheese formula from June 1997 to July 1997. The July 1997 Basic Formula Price is \$0.12 more than last month and \$3.63 less than the July 1996 Basic Formula Price. This Basic Formula Price is the Class III price for July 1997 and is to be used in September 1997 for establishing minimum Class I (fluid use) prices and minimum Class II prices under Federal milk orders. To arrive at the minimum Class I price for each market, a Class I differential, ranging from \$1.20 in the Upper Midwest order to \$4.18 in the Southeastern Florida order, is added to this basic formula price. To arrive at the minimum Class II price for all markets, a differential of \$0.30 is added to this basic formula price. For those orders which adjust blend prices for butterfat contents varying from 3.5 percent, the producer butterfat differential per 0.1 percent butterfat is 11.0 cents. **MILK COMPONENT CONTENTS.** For the June 1997 base month M-W price, the butterfat content was 3.63 percent, protein 3.16 percent, and solids-not-fat 8.59 percent. For the July 1997 Basic Formula Price, the butterfat content was 3.60 percent, protein 3.10 percent, and solids-not-fat 8.51 percent.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	JULY								AUGUST			SEPTEMBER	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1997	1997
		DOLLARS								DOLLARS				
New England (Boston)	1 3/	13.94	17.01	11.00	14.07	10.89	14.52	12.09	16.04	13.98	17.16	11.04	14.10	11.16
New York/New Jersey (NY City)	2 4/	13.84	16.91	11.08	14.15	10.97	14.60	12.17	16.12	13.88	17.06	11.12	14.00	11.24
Middle Atlantic (Philadelphia/ Baltimore/Washington, DC)	4 5/	13.73	16.80	11.00	14.07	10.91	14.54	12.11	16.06	13.77	16.95	11.04	13.89	11.16
Carolina (Charlotte)	5	13.78	16.85	11.00	14.07	10.86	14.49	12.06	16.01	13.82	17.00	11.04	13.94	11.16
Tennessee Valley (Knox/Chat)	11	13.47	16.54	11.00	14.07	10.86	14.49	12.06	16.01	13.51	16.69	11.04	13.63	11.16
Southeast (Atlanta/Birmingham)	7	13.78	16.85	11.00	14.07	10.86	14.49	12.06	16.01	13.82	17.00	11.04	13.94	11.16
Upper Florida (Jacksonville/Tallahassee)	6	14.28	17.35	11.00	14.07	10.86	14.49	---	---	14.32	17.50	11.04	14.44	11.16
Tampa Bay	12	14.58	17.65	11.00	14.07	10.86	14.49	---	---	14.62	17.80	11.04	14.74	11.16
Southeastern Florida (Miami)	13	14.88	17.95	11.00	14.07	10.86	14.49	---	---	14.92	18.10	11.04	15.04	11.16
Michigan Upper Peninsula (Marquette)	44	12.05	15.12	11.00	14.07	10.86	14.49	12.06	16.01	12.09	15.27	11.04	12.21	11.16
Southern Michigan (Detroit)	40 6/	12.45	15.52	11.00	14.07	10.86	14.49	12.06	16.01	12.49	15.67	11.04	12.61	11.16
E. Ohio/W. PA. (Cleveland/Pittsburgh)	36	12.70	15.77	11.00	14.07	10.86	14.49	12.06	16.01	12.74	15.92	11.04	12.86	11.16
Ohio Valley (Columbus)	33	12.74	15.81	11.00	14.07	10.86	14.49	12.06	16.01	12.78	15.96	11.04	12.90	11.16

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	JULY								AUGUST			SEPTEMBER	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1997	1997
		DOLLARS								DOLLARS				
Indiana (Indianapolis)	49	12.60	15.67	11.00	14.07	10.86	14.49	12.06	16.01	12.64	15.82	11.04	12.76	11.16
Chicago Regional	30	12.10	15.17	11.00	14.07	10.86	14.49	12.06	16.01	12.14	15.32	11.04	12.26	11.16
Central Illinois (Peoria)	50	12.31	15.38	11.00	14.07	10.86	14.49	---	---	12.35	15.53	11.04	12.47	11.16
S. Illinois/E. Missouri (Alton)	32	12.62	15.69	11.00	14.07	10.86	14.49	---	---	12.66	15.84	11.04	12.78	11.16
Louisville/Lexington/Evansville	46	12.81	15.88	11.00	14.07	10.86	14.49	12.06	16.01	12.85	16.03	11.04	12.97	11.16
Upper Midwest (Minneapolis)	68	11.90	14.97	11.00	14.07	10.86	14.49	12.06	16.01	11.94	15.12	11.04	12.06	11.16
E. South Dakota (Sioux Falls)	76	12.20	15.27	11.00	14.07	10.86	14.49	---	---	12.24	15.42	11.04	12.36	11.16
Iowa (Des Moines)	79	12.25	15.32	11.00	14.07	10.86	14.49	12.06	16.01	12.29	15.47	11.04	12.41	11.16
Nebraska/W. IA. (Omaha/Sioux City)	65	12.45	15.52	11.00	14.07	10.86	14.49	12.06	16.01	12.49	15.67	11.04	12.61	11.16
Greater Kansas City	64	12.62	15.69	11.00	14.07	10.86	14.49	---	---	12.66	15.84	11.04	12.78	11.16
Southwest Plains (Oklahoma City)	106	13.47	16.54	11.00	14.07	10.86	14.49	12.06	16.01	13.51	16.69	11.04	13.63	11.16
Texas (Dallas)	126	13.86	16.93	11.00	14.07	10.86	14.49	12.06	16.01	13.90	17.08	11.04	14.02	11.16
Eastern Colorado (Denver)	137	13.43	16.50	11.00	14.07	10.86	14.49	---	---	13.47	16.65	11.04	13.59	11.16
Western Colorado (Grand Junction)	134	12.70	15.77	11.00	14.07	10.86	14.49	---	---	12.74	15.92	11.04	12.86	11.16
SW Idaho/Eastern Oregon (Boise)	135	12.20	15.27	11.00	14.07	10.86	14.49	11.90	15.58	12.24	15.42	11.04	12.36	11.16
Great Basin (Salt Lake City)	139	12.60	15.67	11.00	14.07	10.86	14.49	---	---	12.64	15.82	11.04	12.76	11.16
Central Arizona (Phoenix)	131	13.22	16.29	11.00	14.07	10.86	14.49	11.90	15.58	13.26	16.44	11.04	13.38	11.16
New Mexico/West Texas (Albuquerque)	138	13.05	16.12	11.00	14.07	10.86	14.49	12.06	16.01	13.09	16.27	11.04	13.21	11.16
Pacific Northwest (Seattle/Portland)	124	12.60	15.67	11.00	14.07	10.86	14.49	11.90	15.58	12.64	15.82	11.04	12.76	11.16
SIMPLE AVERAGE	---	13.04	16.11	11.00	14.07	10.87	14.50	12.05	15.96	13.08	16.26	11.04	13.20	11.16

* To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. For example, the minimum Class I price in Boston (the New England market) in September 1997 is \$14.10 per 100 pounds or \$1.21 per gallon (\$14.10 divided by 11.63 equals \$1.2124).

1/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order resumed effective June 1, 1996. This assessment applies to all persons who process and market more than 500,000 pounds of fluid milk products in consumer-type packages in the 48 contiguous States and the District of Columbia during the month.

2/ Names in parentheses are principal cities and pricing points of markets.

3/ Zone 1, Boston. Class I price at 201-210 mile zone--72 cents less.

4/ New York City metropolitan area. Prices at 201-210 mile zone: Class I - 72 cents less, Class II - 8 cents less, Class III - 8 cents less, and Class III-A - 8 cents less.

5/ Prices exclude a 6-cent direct delivery differential applicable to milk delivered to Philadelphia.

6/ Prices exclude a 10-cent direct delivery differential applicable to milk delivered to Detroit metropolitan area.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF AUGUST 4-8, 1997				CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD	
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/96	LAST YEAR	08/01/97	LAST YEAR	
BUTTER								
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE								
Block	-0-	-0-	-0-	330,284	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	392,874	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	1,184,400	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	1,907,558	-0-	-0-	-0-	-0-
NONFAT DRY MILK								
Nonfortified	2,084,633	-0-	2,084,633	8,407,914	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	2,084,633	-0-	2,084,633	8,407,914	-0-	-0-	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**	MILKFAT*	SKIM**
	BASIS	SOLIDS	BASIS	SOLIDS
WEEK OF AUGUST 4-8, 1997 =	0.5	24.3	COMPARABLE WEEK IN 1996 =	0.0
CUMULATIVE SINCE OCTOBER 1, 1996 =	19.5	116.8	CUMULATIVE SAME PERIOD LAST YEAR =	0.0
CUMULATIVE JANUARY 1 - AUGUST 8, 1997 =	19.5	116.8	COMPARABLE CALENDAR YEAR 1996 =	0.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/96 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96
MIDWEST	-0-	-0-	1,514,684	-0-	-0-	-0-	71.9	0.0
WEST	-0-	-0-	392,874	-0-	-0-	-0-	28.1	0.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	1,907,558	-0-	-0-	-0-	100.0	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1997MANUFACTURING MILK: Average Test 3.67% - \$10.20 per cwt.; 3.5% - \$10.10DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1300; 500# Barrels \$1.1000; Process American 5# \$1.1825; Process American 2# \$1.2225NONFAT DRY MILK: Nonfortified \$1.0470; Fortified \$1.0570; Instant \$1.2045Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 07/19/97 & Comparable Week 1996

U.S. TOTAL											% DAIRY OF ALL			
Regions*	1	2	3**	4**	5	6	7	8	9	10	WEEK : SINCE JAN 1	WEEK : SINCE JAN 1		
1997-Dairy cows HD (000)	0.4	1.4	--	11.3	18.7	2.7	2.8	1.0	8.6	3.1	50.1	1,599.5	43.7	45.9
1996-Dairy cows HD (000)	0.4	1.4	---	11.9	22.9	2.2	6.3	4.0	7.8	2.4	59.3	1,634.8	42.3	43.5
1997-All cows HD (000)	0.4	1.5	---	24.3	26.6	17.1	17.3	8.4	11.7	7.3	114.6	3,484.5		
1996-All cows HD (000)	0.4	1.5	---	27.3	31.8	27.3	24.2	10.2	11.4	6.2	140.3	3,760.6	**REGION 3 & 4 COMBINED**	
*For source, states included in each region, and historical data, see "Dairy Market News", Vol. 55, Report No. 31														

*For source, states included in each region, and historical data, see "Dairy Market News", Vol. 55, Report No. 31

CCC MARKET PRICE PURCHASES POUNDS

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/96 = 87,720,255

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/96 = 11,567,670

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86					